

Hearing Date/Time: August 3, 2009/9:45 A.M.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

**MOTORS LIQUIDATION COMPANY, *et al.*,
f/k/a General Motors Corporation, *et al.***

**Case No. 09-50026 (REG)
(Jointly Administered)**

Debtors.

**LIMITED OBJECTION TO DEBTORS'
MOTION TO ESTABLISH PROCEDURES FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF PROFESSIONALS**

The State of New York on behalf of the New York State Department of Environmental Conservation (collectively the “State”) respectfully submits the following limited objection to the motion by the Chapter 11 debtors, Motors Liquidation Company, formerly known as General Motors Corporation, and certain of its subsidiaries (the “Debtors”), for an order establishing certain procedures for interim compensation and reimbursement of professionals (“Compensation Procedures Motion”) pursuant to 11 U.S.C. §§ 105(a) and 331.

1. On July 28, 2009, the State requested that counsel for the Debtors include the State on the list of parties to receive notice of monthly statements of professionals as set forth in the Compensation Procedures Motion and proposed order approving the Motion. The Debtors have refused.

2. The State has an interest in reviewing the monthly statements of professionals and assessing expenditures from the estate during “wind-down” and liquidation activities, including but not limited to expenditures for the fees of

environmental consultants retained by the Debtors.¹

3. On July 5, 2009, the Court issued an order approving the sale of estate assets pursuant to 11 U.S.C. § 363. Excluded from the sale were certain environmentally contaminated properties, at least two of which are located in New York. The Debtors and the United States Treasury have represented during this proceeding that a D.I.P. facility totaling \$1.175 billion will be used for “wind-down” activities at the properties excluded from the asset sale and that such activities would include funding for the Debtors’ environmental compliance obligations. The Debtors’ obligations at these contaminated properties are not subject to dispute as a matter of law because of the their ownership of the properties. One of the New York properties is estimated to have compliance obligations that will cost in excess of \$100 million.

4. Thus, the State has an interest in assuring that the funds expended from the D.I.P facility for professionals are reasonable, and in assuring that sufficient funds are directed to the Debtors’ environmental compliance obligations, rather than completely subsumed by estate professionals, leaving those obligations to the New York taxpayers. On information and belief, the fees and expenses incurred to date by estate professionals are significant, but the Debtors thus far have not continued funding their environmental compliance obligations at the excluded properties in New York.

5. General Order M-348 (Amended General Order M-219) sets forth the procedures for monthly compensation and reimbursement of expenses for professionals and gives the Court discretion to designate additional parties to receive notice of the

¹ The Debtors currently have pending motions for approval to retain several professionals *nunc pro tunc* to the commencement date of the case, including environmental consultants.

monthly statements. Because of the State's interest in the reasonable and appropriate expenditure of estate funds from the D.I.P. facility, including the expenditure of funds for environmental compliance obligations, the Court's exercise of discretion to include the State among the parties to receive notice of the monthly statements is proper. The Debtors' refusal to consent to include the State among the parties receiving notice is without basis under the notice requirements of the Bankruptcy Code and Rules.

WHEREFORE, the State respectfully requests that the Court add the State to the list of parties receiving notice of monthly statements of professionals in the Order approving the Debtors' Compensation Procedures Motion.

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